

Message Text

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ACTION AF-08

INFO OCT-01 ISO-00 AID-05 IGA-02 EB-07 COME-00 TRSE-00

OMB-01 XMB-02 DODE-00 CIAE-00 INR-07 NSAE-00 L-03

DOT-00 /036 W

----- 089054

R 301456Z SEP 76

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 7084

INFO AMCONSUL KADUNA

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E.O. 11652: N/A

TAGS: EAID, ELTN, EALR, NI

SUBJECT: NIGERIAN RAILROADS: POTENTIAL CANDIDATE FOR 607/668
TECHNICAL ASSISTANCE

REF: (A) LAGOS 9257 AND PREVIOUS (B) EAL AF, NIGERIA QUESTION 5

SUMMARY: THIS ASKS FOR GUIDANCE ON THE POSSIBILITY OF OFFERING AID COUNTRY-FINANCED SERVICES UNDER FOREIGN ASSISTANCE ACT SECTION 607 OR 661 TO THE NIGERIA RAILWAY CORPORATION (NRC) IN FURTHER-ANCE OF ITS AMBITIOUS AND FALTERING PROJECT TO MODERNIZE THE ENTIRE 2300-MILE SYSTEM. FACED WITH BIDS FAR IN EXCESS ORIGINAL COST ESTIMATES, NRC MAY RESPOND TO OFFER OF ADVICE FROM INSTITUTION SUCH AS CORPS OF ENGINEERS TO HELP SORT THINGS OUT. BEFOE APPROACHING NRC, WE WOULD LIKE TO HEAR WASHINGTON'S REACTION. END SUMMARY.

1. REF SUMMARIZES STATUS PROJECT, WHICH WAS INSERTED INTO CURRENT DEVELOPMENT PLAN AT LAST MINUTE AND HAS SINCE PRO-CEEDED IN FITS AND STARTS. ORIGINALLY NRC ENVISIONED RELATIVELY MODEST EQUIPMENT AND PATCHWORK REPAIR PROGRAM BUT IN EARLY 1975 HIGHEST FMG AUTHORITIES UNEXPECTEDLY AUTHORIZED MUCH LARGER GAUGE-WIDENING AND REBUILDING PROGRAM TO REVIVE OBSOLESCE NRC AND ENABLE HIGH SPEED LIMITED OFFICIAL USE

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PASSENGER AND FRIEGHT SERVICE. SINCE THEN NRC CONFUSED

EVERYBODY IN ISSUING AND CANCELLING TENDERS, COMPILING THEN DISCARDING SHORT LIST AND FLIRITNG WITH NUMBER CONSULTANTS. PROJECT FURTHER COMPLICATED BY ADDITION OF NEW 100-MILE RAILROAD SECTION TO SERVE PLANNED AJAOKUTA STEEL MILL. THIS HAS HIGHEST PRIORITY AND PROBABLY WILL GO AHEAD WITHOUT REMAINDER OF PROJECT IF NECESSARY. NRC EVENTUALLY MANAGED TO ISSUE TENDERS AND RECEIVE BIDS ONE YEAR BEHIND SCHEDULE, ONLY TO FIND THAT BIDS TOTALLED ROUGHLY FOUR BILLION NAIRA OR MORE THAN TWO BILLION NAIRA OVER ESTIMATE. ONE AMERICAN FIRM WAS AMONG 23 INVITED TO BID.

2. LARGE PART OF PROBLEM PROBABLY IS NRC GENERAL MANAGER NZEGWU, HEADSTRONG AND DYNAMIC IBO WHO THROUGHOUT FIVE YEAR TENURE SEEMS CONSTANTLY AT ODDS WITH LABOR UNIONS, NRC BOARD DIRECTORS AND MINISTRY TRANSPORT, WHICH HAS ONLY OCCASIONAL SUCCESS IN ATTEMPTING OVERSEE NRC. WE SPECULATE THAT NZEGWU WANTS DO PROJECT HIS OWN WAY, WITH CONFUSING RESULTS. (COMMENT: THIS RESPONDS REF B.)

3. NRC CLEARLY NEEDS ADVICE. IT HAS EMPLOYED ITALCONSULT, REPORTEDLY HAS ENGAGED THE AMERICAN PRC AS CONSULTANT FOR THE AJAOKUTA BRANCH LINE, AND PERIODICALLY SPEAKS OF ENGAGING OTHER COMMERCIAL CONSULTANTS FOR ASPECTS PROJECT. TAMS RPT TAMS IS PERENNIAL CANDIDATE. AT THIS STAGE, EMBASSY PERCEIVES NEED FOR A NON-COMMERCIAL CONSULTANT WITH EXPERIENCE VERY LARGE PROJECTS TO SPEND FEW WEEKS WITH NRC TO SORT THINGS OUT AND ADVISE ON FINANCING TECHNIQUES. EMBASSY WOULD LIKE OFFER 607 OR 661 TO NRC IF DEPARTMENT AGREES AND WOULD APPRECIATE EXAMPLES OF WHAT USG MIGHT OFFER IN THIS SITUATION.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE, RAILROADS, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 30 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LAGOS11297
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760370-0077
From: LAGOS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976093/aaaaacgn.tel
Line Count: 93
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 LAGOS 9257
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 30 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 JUN 2004 by ElyME>; APPROVED <21 OCT 2004 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NIGERIAN RAILROADS: POTENTIAL CANDIDATE FOR 607/668 TECHNICAL ASSISTANCE
TAGS: EAID, ELTN, EALR, NI, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006